

MARTIN E. KARLINSKY  
FOUNDER AND SOLE MEMBER  
646.437.1430 PHONE  
646.437.1433 FAX  
917.623.9102 CELL  
MARTIN.KARLINSKY@KARLINSKYLLC.COM  
WWW.KARLINSKYLLC.COM

December 17, 2019

**VIA ECF**

Honorable Paul G. Gardephe  
United States District Judge  
United States District Court  
Southern District of New York  
40 Foley Square, Room 2204  
New York, New York 10007

**Re: *Alpha Capital Anstalt v. ShiftPixy, Inc., 19 cv. 6199 (PGG) (“Alpha Action”);  
Dominion Capital LLC v. ShiftPixy, Inc. 19-cv-6704 (Dominion Action); MEF I, LP v.  
ShiftPixy, Inc., 19-cv-8019 (MEF Action) (Letter Filed Separately in Each Related  
Case)***

Dear Judge Gardephe:

We represent defendant ShiftPixy, Inc. (“ShiftPixy”) in the above-captioned related cases pending before your Honor. I am writing to advise the Court of certain developments in light of the status of these cases.

As the Court knows, the motion of plaintiff MEF I, LP for a preliminary injunction and for appointment of a receiver is *sub judice* in the MEF Action. In the Alpha and Dominion Actions, Magistrate Judge Lehrburger filed reports and recommendations to your Honor on plaintiffs’ summary judgment motions on November 22, 2019. No party filed objections to the reports and recommendations. Yesterday, I received a letter to the Court from counsel for plaintiff in the Alpha Action indicating, among other things, that Alpha plans to move for the assessment of legal fees, and advising the Court of a briefing schedule. (Counsel raised the schedule with me two weeks ago, and in view of the lapse of time in filing the motion, we may have some issues with the briefing schedule agreed to then.) I am now writing specifically to advise the Court of recent developments relating to ShiftPixy.

*First*, your Honor will recall that in connection with the MEF motion we filed a redacted copy of ShiftPixy’s partial and unfiled Form 10-K for its fiscal year ending August 31, 2019. The 10-K has now been filed with the Securities and Exchange Commission (on December 13, 2019), and for the Court’s convenience we are filing a copy as an attachment (Attachment 1) to this letter. ShiftPixy’s financial position is as I described it to the Court at the hearing on the MEF motion. The 10-K generally depicts a company whose fortunes continue to improve.

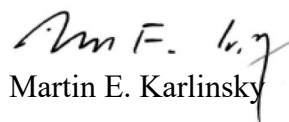
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*Second*, on December 12, 2019, ShiftPixy filed a report on Form 8-K with the Securities and Exchange Commission in order to report a 1:40 reverse stock split authorized by its board of directors and by a majority of its stockholders. The reverse stock split was effective with the opening of the market yesterday, December 16, 2019. (*See* Attachment 2.)

*Third*, on December 6, 2019, ShiftPixy filed a report on Form 8-K with the Securities and Exchange Commission in order to describe its entry into an agreement (styled an Exchange Agreement) with one of the investors that holds the convertible notes that are at issue in these related cases. This investor (CVI Investments, Inc.) holds the current largest principal position in the notes at roughly \$2.7 million. (For comparison sake, Alpha currently holds roughly \$1.7 million of principal; Dominion holds roughly \$1.5 million of principal; and MEF holds roughly \$700,000 of principal.) CVI is one the two investors in the notes that have not sued ShiftPixy. I am attaching a copy of the Form 8-K relating to this transaction (Attachment 3). The transaction is summarized in the 8-K, and the Exchange Agreement is attached to it as an Exhibit.

While we cannot provide any assurances to the Court as to the future course of these cases, we have heard from Alpha's and MEF's counsel (though not from Dominion's) that in view of the transaction with CVI they wish to discuss whether the matters can be resolved. ShiftPixy, of course, is prepared to engage in those discussions. I stand ready to answer any questions the Court may have.

Respectfully,

  
Martin E. Karlinsky

MEK/ks

Attachments

cc: Kenneth A. Zitter, Esq. (via ECF)  
Attorney for Plaintiff in the Alpha Action

Peter R. Ginsberg, Esq. (via ECF)  
Attorney for Plaintiff in the Dominion Action

Paul A. Rachmuth, Esq. (via ECF)  
Attorney for Plaintiff in in the MEF Action